

AGENDA



Thursday, July 26, 2007

**Austin Water Utility
RECOMMENDATION FOR COUNCIL ACTION****Item No. 6**

Subject: Authorize the City Manager to negotiate and execute an agreement with the CITY OF SUNSET VALLEY for wholesale water and wastewater services from the City of Austin.

Amount and Source of Funding: Funding is not required by this action.

Fiscal Note: A fiscal note is not required.

For More Information: Bart Jennings 972-0118; Denise Avery 972-0104

Boards and Commission Action: Recommended by the Water and Wastewater Commission.

The City of Sunset Valley ("Sunset Valley") is located in the southwest portion of Travis County. Since 1985, Sunset Valley has been a wholesale wastewater customer of the City of Austin ("Austin"). Since 1987, Sunset Valley has been a wholesale water customer of the City of Austin.

Over the past several years, Austin and Sunset Valley representatives have discussed updating and replacing the existing wholesale water and wastewater contracts. The existing wholesale water and wastewater contracts do not contain current Austin terms and conditions including a maximum level of service for the provision of water. The replacement contracts will contain new major provisions such as:

- A limitation of the maximum level of wholesale water service provided by Austin. Sunset Valley's maximum level of water service will be established at 639,900 gallons per day calculated on a monthly average. Sunset Valley's engineer and the Austin Water Utility's Systems Planning staff agreed that based upon remaining undeveloped tracts and expected land uses, Sunset Valley would probably require 711,000 gallons per day calculated on a monthly average; however, Sunset Valley has agreed to a 10% reduction of its projected maximum level of water service to account for its future water conservation efforts.
- A reduction from 2,000 to 1,872 service units for Sunset Valley's maximum level of wholesale wastewater service, as defined by Austin design criteria.
- Austin's option to require Sunset Valley to obtain its own raw water contract from the Lower Colorado River Authority. The option would be effective on January 1, 2010. If Austin executes its option, Austin would continue to provide treated water to Sunset Valley in the same manner, but Sunset Valley's water usage would not be counted against Austin's raw water contract with the Lower Colorado River Authority.
- The transfer of 19 existing Austin retail utility customers located within Sunset Valley's corporate limits and ETJ to Sunset Valley upon Sunset Valley designing and constructing necessary infrastructure. Austin would receive the lump sum payment of \$60,000 for consideration.
- A reduction of the timeframe to a three year period to exercise the remaining 104 of 200 wastewater capital recovery fee waivers. The waivers, for the conversion of individual septic tanks to connect to Sunset Valley's centralized wastewater system, previously had no time limit to be claimed.

- Sunset Valley's adoption of water conservation goals, programs, and ordinances similar to Austin, which Austin has the right to review.
- Specific surcharges and liquidated damages for contractual noncompliance.
- An annual "readiness to serve fee" for a portion of Sunset Valley currently on groundwater wells that will eventually convert to Austin wholesale water.
- Agreement not to charge Austin any fees for infrastructure located within Sunset Valley.
- A contractual term limit of 30 years.